



PUBLIC UTILITIES  
COMMISSION

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FILED

June 2, 2008

Honorable Mayor Charmaine Tavares  
200 South High Street 9th flr.  
Wailuku, Maui, Hawaii 96793

Dear Mayor Tavares:

By now you have probably received a copy of the letter from Wai'ola O Molokai Inc advising the Public Utilities Commission that three of the subsidiaries of Molokai Properties, Ltd., will lack the financial resources to provide water and sewer services after August of this year.

We have reviewed your letter of May 27th with profound disappointment.

Although we recognize that the citizens of Molokai require water and sewer services, it is economically impossible for our affiliated companies to provide them on a self-sustaining basis. For that reason, it is also unlikely that any other private operator can be found to undertake or continue those operations, in the absence of some subsidy from the government.

The most appropriate entity to meet the needs of the people of Molokai in a situation where private enterprise cannot function effectively is a public entity of either the county or the State, just as the government assumes the responsibility to provide fire, police, highway upkeep and other services that are not effectively provided by private enterprise. As I am sure you know, on Oahu, water and sewer facilities are provided by public agencies.

We have no intention of harming any customers of the public utilities. Our desire to avoid an interruption of service was the reason that we took steps months ago to alert you and your office and appropriate state officials of the need for them to come forward and assume those responsibilities while there is still time to do so. Your letter indicates no progress in that direction. The problem, however, will not be solved by your inaction.

The most constructive thing for you to do now is to work, either independently or in conjunction with the State, to take over the operation of these public utilities as quickly as possible.

As I told you in our meeting in late March, we assure you our full cooperation toward that end, so that the County of Maui can discharge its legal and moral responsibilities to the citizens of Molokai.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P.A. Nicholas', with a stylized, cursive script.

P.A. Nicholas  
President and CEO

Cc: Honorable Linda Lingle, Governor, State of  
Hawaii  
Honorable Kalani English, State Senator  
Honorable Mele Carroll, State Representative  
Honorable Danny Mateo, Vice-chair, Maui County  
Council  
Chair Carlito Caliboso, Hawaii Public Utilities  
Commission